

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2019 (Based on Japanese GAAP)

November 7, 2019

Company name: HOSHIZAKI CORPORATION  
 Stock exchange listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities code: 6465 URL: <http://www.hoshizaki.co.jp>  
 Representative: Representative Director, President & COO Yasuhiro Kobayashi  
 Inquiries: Director Tadashi Mizutani TEL: +81-562-96-1320  
 Scheduled date to file Quarterly Securities Report: November 14, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2019	227,936	0.5	29,366	(8.5)	29,484	(10.6)	20,564	(8.6)
Nine months ended September 30, 2018	226,763	3.4	32,092	2.7	32,989	3.1	22,510	6.5

Note: Comprehensive income  
 Nine months ended September 30, 2019 ¥17,957 million [(17.9)%]  
 Nine months ended September 30, 2018 ¥21,868 million [(0.4)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2019	283.97		–	
Nine months ended September 30, 2018	310.85		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	352,443	235,665	66.5	3,234.66
As of December 31, 2018	334,879	223,510	66.4	3,068.86

Reference: Equity  
 As of September 30, 2019 ¥234,256 million  
 As of December 31, 2018 ¥222,238 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2018	–	0.00	–	80.00	80.00
Year ending December 31, 2019	–	0.00	–		
Year ending December 31, 2019 (Forecast)				110.00	110.00

Note: Revision of cash dividend forecast most recently announced: Yes

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	296,600	1.3	34,500	(5.3)	36,400	0.1	24,800	(3.6)	342.46

Note: Revision of consolidated financial results forecast most recently announced: No

\*Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2019 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - b. Changes in accounting policies due to other reasons: No
  - c. Changes in accounting estimates: No
  - d. Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	72,421,650 shares	As of December 31, 2018	72,418,250 shares
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b. Number of treasury shares at the end of the period

As of September 30, 2019	1,002 shares	As of December 31, 2018	981 shares
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c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2019	72,418,959 shares	Nine months ended September 30, 2018	72,415,810 shares
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\* **Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

\* **Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

## Attached Materials

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## 1. Qualitative information on the quarterly financial results

The forward-looking matters stated herein are judgments made by the Hoshizaki Group (the “Group”) as of September 30, 2019.

Furthermore, the Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending December 31, 2019. Accordingly, the standard, etc. have been applied retrospectively to figures for the previous fiscal year in order to facilitate comparison and analysis of financial positions for the current and previous fiscal years.

### (1) Operating results

In the Japanese economy during the nine months ended September 30, 2019, employment and personal income improved, driven by the implementation of economic and monetary policies and other factors, and despite continuing weakness in some areas, economic activity was recovering mildly with a moderate increase in capital investment. In addition, consumer spending continued rallying and consumer prices grew at a moderate rate.

Looking at overseas, the U.S. economy remained strong while in Europe the economy slowly turned around. Also, the economy of emerging countries in Asia showed signs of recovery. Meanwhile in China, the future of its economy remains unclear but signs of movement toward recovery have emerged.

Amid such circumstances, the Group continued to actively work on expanding sales in the food service and other industries and made ongoing efforts to reach new customers. In overseas markets, the Group strove to increase sales of flagship products to its key customers, the food service and other industries, especially in the U.S.

Furthermore, in addition to efforts to reduce costs, the Group consistently worked hard to secure profits by streamlining business operations and improving productivity using information technology.

As a result of the above initiatives, the Group reported operating results for the nine months ended September 30, 2019 with net sales of ¥227,936 million (up 0.5% year-on-year). Operating profit was ¥29,366 million (down 8.5% year-on-year), reflecting an increase in selling, general and administrative expenses due to the recording of investigation expenses, etc. concerning the finding of inappropriate transactions at a consolidated subsidiary in the previous fiscal year. In addition, owing to the recording of foreign exchange loss of ¥1,556 million arising from the translation of foreign-currency assets held to Japanese yen, ordinary profit was ¥29,484 million (down 10.6% year-on-year) and profit attributable to owners of parent was ¥20,564 million (down 8.6% year-on-year).

Operating results by segment are as follows.

#### a. Japan

In Japan, although the Group generated net sales of ¥155,367 million (up 0.0% year-on-year) as a result of actively promoting sales of products, such as refrigerators, ice makers and dishwashers, as well as new customer acquisition, the segment profit was ¥20,211 million (down 9.5% year-on-year).

#### b. Americas

In Americas, despite actively promoting sales of products, such as ice makers and refrigerators, the Group generated net sales of ¥50,389 million (down 1.1% year-on-year) and the segment profit of ¥6,708 million (down 15.6% year-on-year).

#### c. Europe / Asia

In Europe and Asia, as a result of actively promoting sales of flagship products, the Group generated net sales of ¥28,128 million (up 4.7% year-on-year) and the segment profit of ¥2,858 million (up 22.8% year-on-year).

### (2) Financial position

Total assets as of September 30, 2019 increased ¥17,563 million from December 31, 2018 to ¥352,443 million.

Current assets increased ¥15,961 million from December 31, 2018 to ¥288,522 million. The main factors were increases in cash and deposits and notes and accounts receivable - trade.

Non-current assets increased ¥1,602 million from December 31, 2018 to ¥63,920 million. The main factors were increases in investments and other assets and property, plant and equipment.

Total liabilities as of September 30, 2019 increased ¥5,408 million from December 31, 2018 to ¥116,777 million.

Current liabilities increased ¥4,570 million from December 31, 2018 to ¥92,814 million. The main factors were increases in provision for bonuses and notes and accounts payable - trade.

Non-current liabilities increased ¥838 million from December 31, 2018 to ¥23,963 million. The main factor was an increase in net defined benefit liability.

Total net assets as of September 30, 2019 increased ¥12,154 million from December 31, 2018 to ¥235,665 million.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

There are no revisions to the consolidated earnings forecasts for year ending December 31, 2019 that was announced on May 7, 2019.

## 2. Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2018	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	204,263	217,513
Notes and accounts receivable - trade	31,183	39,687
Merchandise and finished goods	17,941	13,595
Work in process	3,820	3,489
Raw materials and supplies	10,148	10,445
Other	5,354	3,943
Allowance for doubtful accounts	(151)	(153)
Total current assets	272,560	288,522
Non-current assets		
Property, plant and equipment	43,962	44,286
Intangible assets	5,489	4,821
Investments and other assets	12,866	14,812
Total non-current assets	62,318	63,920
Total assets	334,879	352,443
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,664	19,318
Income taxes payable	3,760	4,983
Provision for bonuses	3,434	9,111
Other provision	1,641	1,661
Other	61,743	57,739
Total current liabilities	88,243	92,814
Non-current liabilities		
Net defined benefit liability	19,118	19,511
Other provision	1,454	1,459
Other	2,551	2,992
Total non-current liabilities	23,124	23,963
Total liabilities	111,368	116,777
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,008	8,021
Capital surplus	14,530	14,543
Retained earnings	204,123	218,895
Treasury shares	(4)	(4)
Total shareholders' equity	226,659	241,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	139	83
Foreign currency translation adjustment	(2,052)	(4,959)
Remeasurements of defined benefit plans	(2,507)	(2,323)
Total accumulated other comprehensive income	(4,420)	(7,198)
Non-controlling interests	1,272	1,409
Total net assets	223,510	235,665
Total liabilities and net assets	334,879	352,443

**(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Net sales	226,763	227,936
Cost of sales	139,575	140,806
Gross profit	87,187	87,129
Selling, general and administrative expenses	55,094	57,762
Operating profit	32,092	29,366
Non-operating income		
Interest income	1,033	1,455
Other	387	428
Total non-operating income	1,420	1,884
Non-operating expenses		
Interest expenses	56	8
Foreign exchange losses	261	1,556
Other	205	201
Total non-operating expenses	524	1,767
Ordinary profit	32,989	29,484
Extraordinary income		
Gain on sales of investment securities	–	64
Other	10	3
Total extraordinary income	10	67
Extraordinary losses		
Loss on sales of non-current assets	5	11
Loss on abandonment of non-current assets	16	13
Loss on sales of investments in capital of subsidiaries and associates	248	–
Total extraordinary losses	269	24
Profit before income taxes	32,730	29,526
Income taxes - current	12,543	11,187
Income taxes - deferred	(2,490)	(2,463)
Total income taxes	10,052	8,724
Profit	22,677	20,802
Profit attributable to non-controlling interests	167	238
Profit attributable to owners of parent	22,510	20,564

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	22,677	20,802
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	(55)
Foreign currency translation adjustment	(876)	(2,973)
Remeasurements of defined benefit plans, net of tax	142	184
Total other comprehensive income	(809)	(2,844)
Comprehensive income	21,868	17,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,805	17,786
Comprehensive income attributable to non-controlling interests	62	171



### **(3) Notes to quarterly consolidated financial statements**

#### **Notes on premise of going concern**

Not applicable

#### **Notes on significant changes in the amount of shareholders' equity**

Not applicable

#### **Application of special accounting for preparing quarterly consolidated financial statements**

Omitted due to immateriality.

#### **Changes in accounting policies**

##### *Application of IFRS 16 Leases*

Overseas consolidated subsidiaries (excluding subsidiaries in the United States that adopt US GAAP) have applied IFRS 16 *Leases* from the beginning of the first quarter of the fiscal year. According to this new standard, a lessee, in principle, recognized all leases as assets and liabilities on the balance sheet.

The effect of this application on the consolidated financial statements for the third quarter of the fiscal year is insignificant.

#### **Changes in accounting estimates**

Not applicable

#### **Additional information**

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances  
The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending December 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets" and deferred tax liabilities were presented under "Non-current liabilities."

**Segment information, etc.**  
Segment information

**I. Nine months ended September 30, 2018 (from January 1, 2018 to September 30, 2018)**

Information related to net sales, and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the quarterly consolidated statement of income (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	151,221	50,265	25,275	226,763	–	226,763
Intersegment sales or transfers	4,099	708	1,601	6,409	(6,409)	–
Total	155,320	50,974	26,877	233,172	(6,409)	226,763
Segment profit	22,339	7,950	2,328	32,618	(525)	32,092

- Notes
1. The reconciliation amount of negative ¥525 million for segment profit includes amortization of goodwill of negative ¥325 million, amortization of intangible assets, etc. of negative ¥84 million, negative ¥123 million from reconciliation of inventories, and ¥7 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

**II. Nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019)**

Information related to net sales, and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the quarterly consolidated statement of income (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	151,400	49,704	26,830	227,936	–	227,936
Intersegment sales or transfers	3,967	684	1,297	5,949	(5,949)	–
Total	155,367	50,389	28,128	233,885	(5,949)	227,936
Segment profit	20,211	6,708	2,858	29,778	(411)	29,366

- Notes
1. The reconciliation amount of negative ¥411 million for segment profit includes amortization of goodwill of negative ¥335 million, amortization of intangible assets, etc. of negative ¥21 million, negative ¥102 million from reconciliation of inventories, and ¥47 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

### Significant subsequent events

New addition of equity-method company through acquisition of shares

At the Board of Directors meeting held on November 7, 2019, the Company passed a resolution to acquire a total of 28.6% of shares in Öztiryakiler Madeni Eşya Sanayi ve Ticaret Anonim Şirketi (hereinafter “Özti”) by subscribing to a capital increase offering and acquiring shares held by existing shareholders, and make Özti an equity-method associate.

(1) Purpose

The purpose is to expand the sales share of the Group’s products in the European region, strengthen Özti’s product development capability, product lineup and price competitiveness through providing the Company’s assistance, and generate synergistic effects such as productivity and quality improvement.

(2) Names of the counterparties in the acquisition of shares

Mr. Yusuf Kenan Öztiryaki, Mr. Tahsin Öztiryaki, Mr. Atakan Öztiryaki and seven other individuals.

(3) Name, size and description of business of the company to become equity-method associate

Name: Öztiryakiler Madeni Eşya Sanayi ve Ticaret Anonim Şirketi

Location: Istanbul, Turkey

Representative: Yusuf Kenan Öztiryaki

Capital stock: 80 million Turkish liras

Size: Net sales of 487 million Turkish liras (fiscal year ended December 2018)

Activities: Manufacture and sale of commercial kitchen equipment in the Middle Eastern, European and African regions.

(4) Schedule of the acquisition of shares

Mid-December, 2019 (scheduled)

(5) Acquisition price and ownership ratio after acquisition

Acquisition price: Undisclosed due to confidentiality obligations relating to transfer agreement.

Ownership ratio after acquisition: 28.6% (Of which, 28.6% is indirect ownership)

After this acquisition of shares, the Company plans to acquire additional shares held by existing shareholders in stages over the next three-year period to hold 51% of shares and make Özti a consolidated subsidiary.

(6) Method of procurement of payment funds and payment

Own funds